

## Written Comments on 2025 Buncombe County Bed Applications

Submitted by Novant Health Asheville Medical Center, LLC, and Novant Health Inc.

December 1, 2025

### Introduction

1. The 2025 State Medical Facilities Plan (SMFP) found a need for 129 acute-care beds in the service area including Buncombe, Graham, Madison, and Yancey Counties. In response to the need determination, four Certificate of Need (CON) applications were filed:

Project ID No.	Applicant	Referred to as
B-012709-25	Novant Health Inc. Novant Health Asheville Medical Center, LLC	Novant Health or NH
B-012708-25	UNC Health West Medical Center	UNC West or UNC
B-012716-25	AdventHealth Asheville	AdventHealth or AH
B-01270-25	MH Mission Hospital, LLLP	Mission or MH

2. Pursuant to N.C. Gen. Stat. § 131E-185(a)(1), Novant Health Inc. and Novant Health Asheville Medical Center, LLC (“NH”), submit these comments about the applications filed by UNC Pardee, AdventHealth, and Mission to acquire part or all of the 129 acute-care beds identified in the 2025 SMFP. NH provides comments on individual applications. Other non-conformities may exist in the competing applications, and NH may develop more opinions upon further review and analysis. Nothing in these comments is intended to amend any statement in the NH application. To the extent the Agency considers any comment an amendment to the NH application, NH respectfully asks the Agency to disregard the comment.

3. All applicants locate beds in Buncombe County. NH applied for 34 of the 129 beds available. The other three applicants each applied for all 129 beds. The NH and UNC applications would create new hospitals. The AH and Mission applications would add beds to

existing or approved hospitals. The Agency has the discretion to award all or part of the beds requested by an applicant. Thus, the Agency can approve the NH application and, if they are conforming, award the remaining 95 beds to one or more of the other applicants.

4. The most important health planning issue in the service area is increasing competition in the provision of acute-care hospital services. Mission has abused what government officials have described as a monopoly for many years with high prices and substandard service quality. The Agency has tried to end this monopoly by approving two applications by AH Asheville for a total of 93 beds. To date, Mission has preserved its monopoly by appealing these approvals. Final approval of the 67 bed CON is now likely, with the 26 bed CON still being appealed. AH has applied for an additional 129 beds to create a 222-bed hospital.

5. Novant Health respectfully suggests that in addressing Mission's failures in Buncombe County the Agency should not put all its eggs in one basket. Novant's proposal gives the service area a new provider with a third competitor and a new provider. Henderson and Buncombe counties are in the same Hospital Referral Regions<sup>1</sup> (HRRs) defined by the Dartmouth Atlas of Health Care.<sup>2</sup> Both Asheville and Hendersonville (and the zip codes in which Henderson County hospitals are located) are in one HRR.

6. The size and services of the proposed NH Asheville hospital are based on Novant's actual physician base and its experience developing new hospitals in the Winston-Salem and Charlotte areas. Novant designed the hospital to grow over time as the medical staff and patient volume grows.

7. Awarding 129 beds to AH would not be good health planning. For a starter hospital, 93 beds are more than enough for efficient operations and a wide range of services. AH argues that increasing the Weaverville facility to 222 beds before it even opens the additional beds will let it offer a wider range of services and more effectively compete with Mission. Even

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<sup>1</sup> HRRs are defined as a group of zip codes. The United States is divided into 306 HRRs. The complete list of zip codes and HRRs for all other states is on the Dartmouth Atlas website. HRRs represent regional health care markets that include a major referral center and community hospitals.

<sup>2</sup> The Dartmouth Atlas of Health Care Website Archive (effective June 30, 2024), <https://www.dartmouthatlas.org>.

accepting this argument as valid (which Novant does not), AH can offer the same services with 188 beds (resulting from a partial award of 95 beds to AH and 34 to NH) as with 222 beds. Further, AdventHealth has no record of promptly implementing its North Carolina CONs when it has final approval. It has no history of successfully developing a new hospital in North Carolina or growing the census at its Hendersonville hospital.

8. Awarding 129 beds to UNC would not be good health planning. UNC Pardee does not have the physician base and community support to fill its existing 201 acute-care beds. UNC has five affiliated hospitals in other areas of Western North Carolina. All have low occupancy percentages. UNC's success in operating academic medical centers has not meant success in western North Carolina.

9. An approved applicant must show it conforms to all applicable statutory and regulatory review criteria and is comparatively superior to the other applicants. The only applicant that conforms to all statutory and regulatory review criteria is NH. All three competing applications are non-conforming with Criterion (4) because each fails to show why the alternative of a project for fewer than 129 licensed acute care beds is not a less costly or more effective alternative. The AH and UNC applications fail to provide reasonable and adequately supported utilization projections (Criterion (3)) and therefore are non-conforming with Criterion (5), the performance standard, and other criteria. The Mission application fails to promote competition (Criterion (18a)) and has chronic quality deficiencies and is therefore non-conforming with Criteria 18a and 20. The details of the nonconformities are provided in the sections below that address each proposed project.

### **Comments Specific to UNC West**

10. This section presents Novant Health's comments opposing the UNC West application. UNC West is non-conforming with each of the following criteria:

- Criterion (3)
- Criterion (4)
- Criterion (5)
- Criterion (18a)

- The performance standard found at 10A NCAC 14C.3803(5)

### **Criterion 3**

G.S. 131E-183(a)(3)

*“The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.”*

11. UNC West’s application is non-conforming with Criterion 3, as it does not establish a reasonable service area or demonstrate that residents in its service area need the services proposed in its application. UNC West’s CON application and its projected patient volumes rely on several assumptions that are unreasonable and inadequately supported, the most egregious of which are:

- UNC operates hospitals in Western North Carolina, including UNC Pardee in adjacent Henderson County. While UNC West points to several of these hospitals as “comparable” and relies on them for certain assumptions, UNC is unable to achieve occupancy even approaching its projected occupancy at UNC West at these existing hospitals. Moreover, UNC West provides no reasonable basis for the Agency to determine it could achieve a higher occupancy at UNC West than its existing hospitals.
- The hospitals upon which UNC West bases its service area, diagnosis-related group (DRG) list, scope of services, and market shares are not comparable to the proposed hospital.
- UNC West’s service area is not based on reasonable assumptions and does not take the current healthcare landscape into consideration.
- UNC West’s market share assumptions are unreasonably aggressive and inadequately supported, particularly when paired with the size of the proposed service area to which those market shares are applied.
- UNC West’s utilization projections, which demonstrate the alleged need for the project, rely on inadequately supported growth rates, particularly for obstetric services.



Source: UNC West CON Application, p. 74

**UNC Pardee Acute-Care Occupancy**

<b>Metric</b>	<b>FY 2024</b>	<b>FY 2023</b>	<b>FY 2022</b>	<b>FY 2021</b>	<b>FY 2020</b>
Pardee Acute-Care Days	27,655	23,809	24,626	24,466	24,147
Pardee Acute-Care Occupancy	37.70%	32.45%	33.57%	33.35%	32.91%

Source: Chapter 5 of the 2025, 2024, 2023, 2022 and Draft 2026 SMFPs

13. UNC Pardee, the closest affiliated hospital (located approximately 16 driving miles from UNC West’s proposed site) is consistently under-utilized. If UNC cannot achieve or approach 66.7% occupancy at its existing facility, located in an adjacent county, it is not reasonable to assume it would be able to do so at a new hospital that would be competing with both HCA Mission and AdventHealth Asheville? UNC West has given the Agency no reasonable basis upon which to assume its new proposed hospital could achieve a higher occupancy in just three years of operations than its existing area facilities have achieved after decades of providing services to area residents.

UNC West Bases Key Assumptions on Hospitals That Are Not Similar to UNC West

14. UNC West proposes to develop a 129-bed acute-care hospital in Buncombe County. If approved, it would be the third hospital in Buncombe County, assuming Advent Health Asheville opens before FY 2032 (UNC West’s first project year). NH recognizes any methodology for projecting the volume of any new hospital, particularly for a health system seeking to enter a planning area in which it does not currently have a hospital, requires assumptions that may not be a perfect match for the circumstances at the proposed hospital. However, UNC West does not apply consistent logic to the hospitals it uses for key assumptions, nor is UNC West consistent on which hospitals it relies on for assumptions on service area size, services to be provided, or projected market shares. The table on page 9 provides a brief summary of the hospitals upon which UNC West bases key assumptions.

15. UNC West establishes five acute-care hospitals (across six campuses) as the “comparable” UNC facilities upon which it bases its assumptions for service area size, bed mix, and DRGs to be provided at UNC West. These hospitals do not provide a reasonable or adequately supported basis for these assumptions because:

- Four of the five licensed hospitals are the only hospital in their home county, whereas UNC West would be the third hospital in Buncombe County once it opens.
  - Because these are the only providers in the area, they can be expected to draw patients from a larger primary and secondary service area than a new market entrant that competes with two additional acute-care hospitals.
  - Because these are the only providers in the area, they may also admit patients across a wider array of DRGs than a hospital that is competing with two additional providers, one of which is a tertiary hospital.
  - UNC Pardee is the only “comparable” facility that competes with another hospital in the county (AdventHealth Hendersonville). According to the draft 2026 SMFP, UNC Pardee’s acute-care beds operated at 37.7% capacity, while its competitor AdventHealth’s beds operated at 68.8% occupancy.<sup>3</sup>
- The five hospitals achieved an average occupancy rate of 44.6% in FY 2024, whereas UNC West projected it would achieve 68.6% occupancy in its third year of operation.
  - If UNC West truly believes these are comparable facilities, it is not clear why it would achieve significantly higher occupancy at its proposed hospital than these existing, established hospitals.
- UNC West does not provide a list of zip codes that constitute UNC Pardee’s primary and secondary service areas (the zip codes from which it has historically drawn 90% of its patients). However, UNC West states UNC Pardee has 14 primary service area (PSA) zip codes and 25 secondary service area (SSA) zip codes.<sup>4</sup> Given its location approximately 17 driving miles from UNC West, and the fact that UNC Pardee is located in one of UNC Health West’s proposed SSA zip codes, it is likely there is a substantial amount of overlap between the two hospitals’ PSAs and SSAs. However, UNC West does not state any of its patients will shift from UNC Pardee, nor does it address the potential of reduced occupancy at UNC Pardee.

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<sup>3</sup> NC Department of Health and Human Services, “Proposed State Medical Facilities Plan,” [https://info.ncdhhs.gov/dhsr/ncsmfp/2026/01\\_Proposed2026SMFP\\_v4.pdf?ver=1](https://info.ncdhhs.gov/dhsr/ncsmfp/2026/01_Proposed2026SMFP_v4.pdf?ver=1), 2026, Chapter 5, p. 39.

<sup>4</sup> UNC West CON application, p. 154.

16. UNC West bases its projected market shares on a set of six hospitals in Western North Carolina. These hospitals do not provide a reasonable or adequately supported basis for market-share assumptions because:

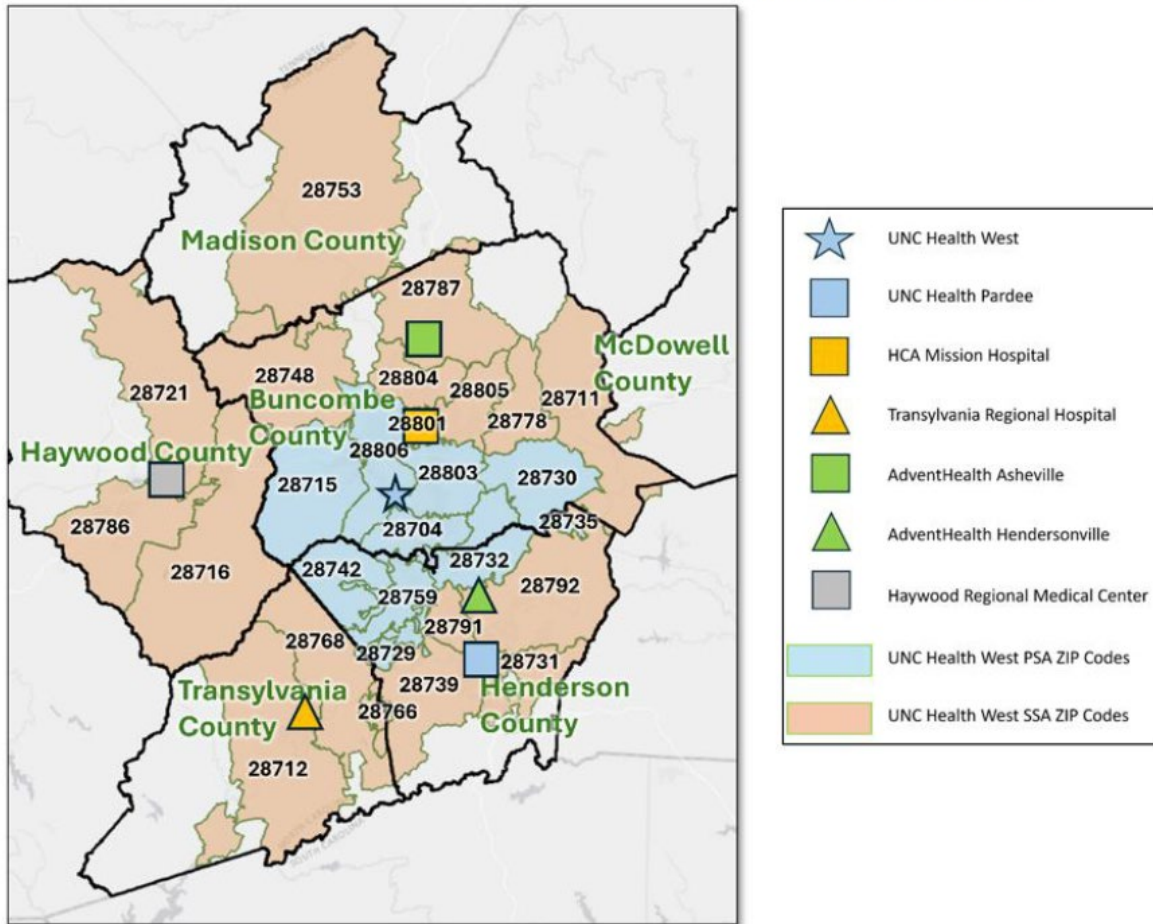
- Four of the six hospitals are the only hospital in their home county, while UNC West would be the third hospital in Buncombe County once it opens.
- The market-share basis includes HCA Mission, a tertiary provider with 682 beds, which heavily skews the overall occupancy among these hospitals. See page 9 for more details.
- Only one of the hospitals, UNC Pardee, is representative of UNC's ability to operate a hospital in Western North Carolina.

Hospital	County	Beds	FY 24 Acute-Care Occupancy	“Comparable <sup>5</sup> UNC Facility”?	Service Area Size	Bed Mix	DRG Set	Market Shares	Only Hospital in County?
Charles A. Cannon Jr. Memorial Hospital	Avery	13	28.0%						Yes
UNC Health Blue Ridge	Burke	289	27.1%						Yes
UNC Health Caldwell	Caldwell	110	49.8%	Yes	X	X	X		Yes
Margaret R. Pardee Memorial Hospital (UNC Health Pardee)	Henderson	201	37.7%	Yes	X	X	X	X	No
Watauga Medical Center (UNC Health Appalachian)	Watauga	113	42.8%	Yes	X	X	X		Yes
UNC Health Johnston-Smithfield	Johnston	176	75.7%	Yes	X	X	X		Yes
UNC Health Johnston-Clayton	Johnston			Yes	X	X	X		
UNC Health Rockingham	Rockingham	108	17.0%	Yes	X	X	X		No
HCA Mission	Buncombe	682	94.4%					X	Yes
Advent Health Hendersonville	Henderson	62	68.8%					X	No
Transylvania Regional	Transylvania	42	41.7%					X	Yes
Haywood Regional	Haywood	120	52.0%					X	Yes
Mission McDowell	McDowell	65	35.0%					X	Yes

<sup>5</sup> These are comparable facilities, according to UNC. See pages 153-154 of its application.

UNC West’s Service Area Definition Is Unreasonable, Overly Large, and Does Not Take the Existing Healthcare Landscape into Consideration

**Figure 1-2: Map of ZIP Codes in PSA and SSA of UNC Health West**



17. The figure above shows UNC West’s proposed service area. UNC West bases its primary and secondary service area on the size of the service area at its existing affiliated acute-care hospitals, which it states are similar based on the “number of acute care beds” and the “similar scope of services.”<sup>6</sup> UNC West also notes that three of the five hospitals are located in Western North Carolina. As shown in the excerpt below, UNC also notes these are community hospitals that will be “comparable to the proposed hospital.”<sup>7</sup> UNC states the PSA is the set of zip codes from which 75% of discharges originate, and the SSA is the set of zip codes from

<sup>6</sup> UNC West CON application, p. 153.

<sup>7</sup> UNC West CON application, p. 154.

which the next 15% of discharges originate. There are several ways one can reasonably define a primary and secondary service area, and Novant Health takes no issue with the percentages of discharges identified in that definition. UNC West’s application states:<sup>8</sup>

Further, many of these UNC Health hospitals are community hospitals, that, while not quaternary medical facilities or academic medical centers, nevertheless provide comprehensive care to the patients of their home counties and the surrounding areas. As such, to approximate what the potential PSA and SSA of UNC Health West would be – a hospital that will also be a community hospital – UNC Health West utilized five UNC Health owned, operated, or affiliated facilities that it believes are comparable to the proposed hospital. These facilities are listed in Table 1-1 below:

**Table 1-1: Comparable UNC Health Facilities to UNC Health West**

<i>Facility</i>	<i>County</i>	<i>Existing Licensed Acute Care Beds</i>
UNC Health Appalachian	Watauga	113
UNC Health Caldwell	Caldwell	110
UNC Health Johnston*	Johnston	176
UNC Health Pardee	Henderson	201
UNC Health Rockingham	Rockingham	108

Source: *Proposed 2026 SMFP*.

\* Includes two distinct hospital campuses, UNC Health Johnston Smithfield Campus and UNC Health Johnston Clayton Campus.

18. However, NH does take issue with UNC West’s next step in determining an appropriate service area. Shown in the excerpt below from page 154 of its application, UNC West uses the average of each of the hospital’s number of zip codes to determine how many zip codes are likely to be in UNC West’s primary and secondary service areas. The number of zip codes in a given provider’s service area may depend on several factors, including the size of the zip code, the number of other providers in nearby areas, whether a given area is rural or urban, and the road network in the area. These factors may influence which hospitals area residents choose for non-emergent care as well as the destinations they choose for acute care that arrives through the emergency room.

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<sup>8</sup> UNC West CON application, p. 153

As such, in assessing the historical PSAs and SSAs of these five acute care facilities, UNC Health West analyzed the ZIP codes from which these five hospitals' discharges originated for 2024, the most recent full year for which data were available during the planning for the hospital. A hospital's PSA comprised the ZIP codes from which 75 percent of its hospital discharges originated, as ranked by ZIP codes with the highest to lowest total utilization.<sup>6</sup> A hospital's SSA comprised the next 15 percent of these ZIP codes. As such, 10 percent of a hospital's discharges did not originate from either its PSA or SSA, and, therefore, a total of 90 percent of a hospital's total discharges originated from the combination of its PSA and SSA. This analysis determined that the following number of ZIP codes were in the PSA and SSAs for the six hospital campuses for these five acute care facilities, shown in detail in Table 1-2 below.

**Table 1-2: Number of ZIP Codes in the PSA and SSA of Comparable UNC Health Facilities**

<i>Facility</i>	<i>PSA ZIP Codes</i>	<i>SSA ZIP Codes</i>
UNC Health Appalachian	14	24
UNC Health Caldwell	3	19
UNC Health Rockingham	6	6
UNC Health Johnston Smithfield Campus	9	13
UNC Health Johnston Clayton Campus	8	13
UNC Health Pardee	14	25
<b>Average</b>	<b>9</b>	<b>17</b>

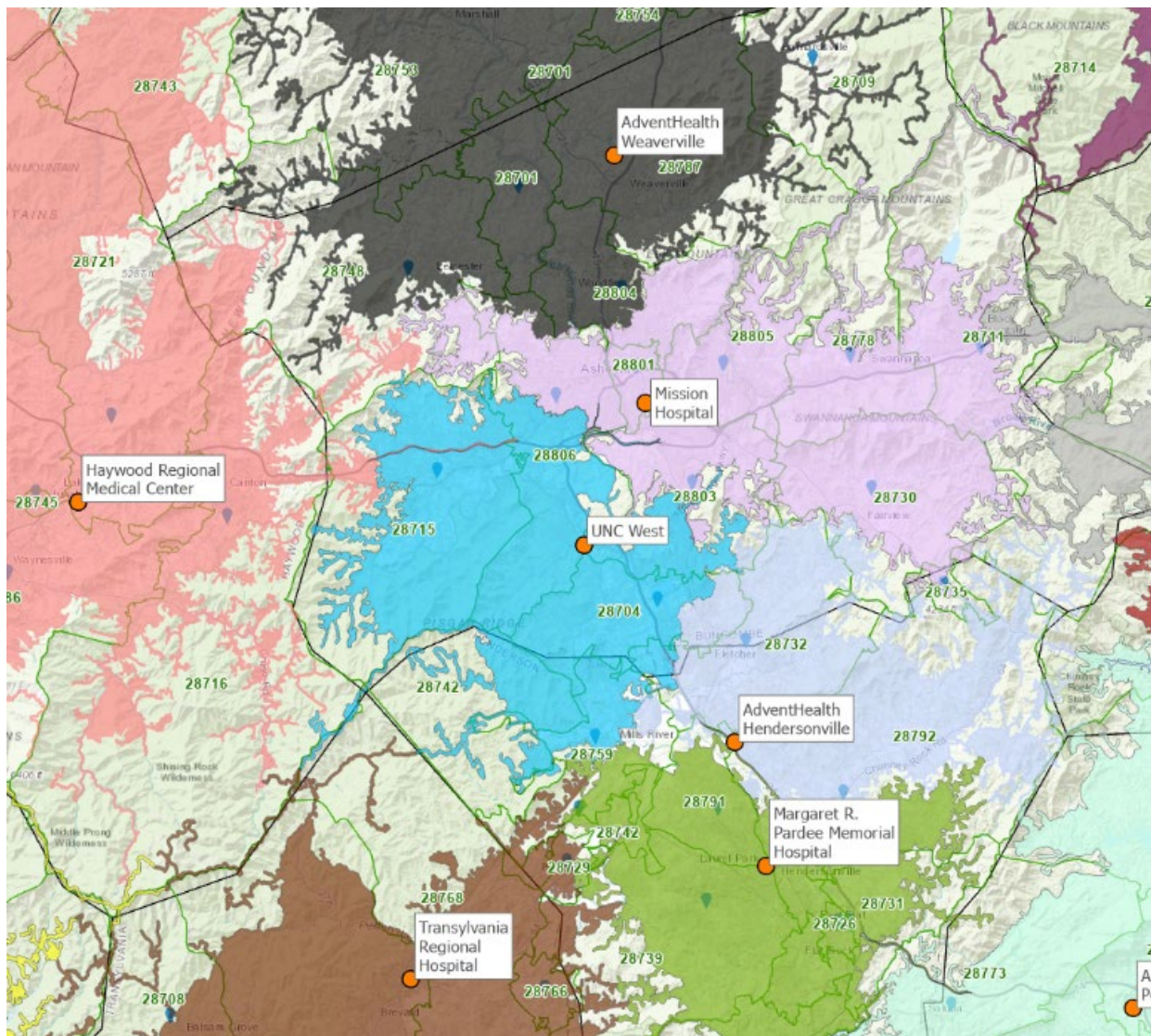
Note: Analysis was performed separately for UNC Health Johnston's two hospital campuses, UNC Health Johnston Smithfield Campus and UNC Health Johnston Clayton Campus.

As shown above, the average number of PSA and SSA ZIP codes for all six of the comparable hospital campuses for UNC Health West was nine PSA ZIP codes and 17 SSA ZIP codes, respectively. When combined with the demographic analysis performed above – i.e., when not only assessing the average number of ZIP codes in each comparable facility's PSA and SSA, but also assessing the strong historical and projected population growth rate of southern Buncombe County, the geography of the area, and the size and location of the ZIP codes – UNC Health West determined that its PSA would most likely consist of 10 Buncombe County and Henderson County ZIP codes that are proximal to the proposed location of its acute care facility, while its SSA would most likely consist of 18 ZIP codes in Buncombe County, Henderson County, eastern Transylvania County, eastern Haywood County, and the southern/central portion of

19. As shown in the table on page 9, three of the five hospitals used to determine the size of UNC West's service area are the only provider in their home county. If UNC West is approved, it would be the third acute-care hospital and third system in Buncombe County. When a hospital competes with other hospitals in the same area, it is reasonable to assume they will draw patients from a smaller geographic area than a sole provider would, unless that hospital has a provider network or referring physicians in a specialty that draw patients from a large geographic area. UNC West does not provide any data to suggest the large service area and the accompanying large market share are due to any specialty services or providers.

20. The map below shows a 120-minute driving time to each existing and approved hospital in the area, as well as the 120-minute driving time that is closer to UNC West than any other area hospital (in blue). The map also includes zip code boundaries and blue pins that represent the population center of each zip code. As the map shows, UNC West is only closest to the population centers of three zip codes: 28715, 28706 and 28759. For residents of all other zip codes, there is an existing or approved area hospital that is closer for residents than UNC West.

**Areas Closest to Each Existing and Approved Hospital and UNC West,  
Limited to 120-Minute Drive Time**



Source: ArcGIS

21. The table below shows each zip code in UNC West’s PSA and the hospital that is closest to that zip code by drive time. UNC West’s utilization projections assume that it will achieve a 20% market share in each of these zip codes by its third year of operations. However, UNC West provides no basis for this assumption. The proposed hospital does not provide more convenient access for residents of these zip codes. UNC West does not include a description of any special services it provides that these existing providers do not. UNC West does not provide evidence that its affiliated providers are currently treating patients in these zip codes that would shift to the new hospital. UNC fails to justify its large, 10-zip code PSA and the presumed market share it will achieve.

**Hospitals Closest to Each UNC West PSA Zip Code’s Population Centroid,  
 by Driving Time**

ZIP Code	Closest Hospital
28704	UNC West
28715	UNC West
28729	Transylvania Regional
28730	Mission
28732	AH Hendersonville
28735	Mission
28742	UNC Pardee
28759	UNC West
28803	Mission
28806	Mission

Source: ArcGIS

22. Moreover, UNC West is inconsistent in its service area definition. As shown in the excerpt above (page 154 of the UNC West application), UNC West based its service area definition on the number of zip codes from which the five acute-care hospitals (across six campuses) draw 90% of their patients. As such, UNC West should adopt 10% in-migration to maintain consistency with its service area definition. Instead, UNC adopts a 12% in-migration rate (see excerpt below from page 163 of the application). UNC attempts to justify the larger in-migration by pointing to the fact that its application adopted smaller market shares than the five hospitals upon which it bases its service area size. This is misleading. Service area size and

market share are separate factors. One points to the geographic area from which a provider expects to draw patients, and the other addresses what percentage of the patients in each zip code UNC expects to serve. Moreover, UNC West’s market-share assumptions are aggressive, regardless of whether they are lower than “the average for analog facilities” that have been in operation for decades. UNC West assumes 20% inpatient market share across 10 zip codes and 6% across an additional 18 zip codes. It is unreasonable to adopt those market-share assumptions and then further inflate utilization projections by adopting a 12% in-migration percentage that is not consistent with the service area definition. The excerpt below is reproduced from page 163 of the application:

**Table 2-7: 2024 Acute Care Days from Buncombe and Henderson Counties  
 Select Western North Carolina Hospitals**

	<i>HCA Mission Hospital</i>	<i>UNC Health Pardee</i>	<i>Advent Health Hendersonville</i>
Buncombe County	22,060	607	1,536
Henderson County	3,037	5,258	1,688
All Counties	44,360	7,293	3,821
Inmigration Rate*	43.4%	19.6%	15.6%

Source: 2025 HLRA's.

\* Inmigration Rate = (All Counties – Buncombe County – Henderson County) ÷ All Counties.

To be conservative in its projection of immigrating patients at its proposed acute care facility, UNC Health West has chosen to use an immigration value lower than even the lowest of these immigration rates – 15.6 percent for Advent Health Hendersonville – to estimate the immigration rate for UNC Health West. Specifically, UNC Health West assumes that approximately 12 percent of its total acute care days will be from areas outside of its PSA and SSA. While the non-PSA and SSA percentage for the analog UNC Health facilities was 10 percent, UNC Health West is projecting a smaller market share of the PSA and SSA than the average for the analog facilities; this fact, along with the data for immigration for hospitals in the service area shown in Table 2-7 supports a slightly larger immigration percentage (12 percent versus 10 percent). Further, given that UNC Health West will provide a broad scope of services and given that it will be located in Buncombe County, the largest county in western North Carolina by population and a destination county for healthcare, UNC Health West believes this is a low estimate of immigration and is therefore a conservative projection of immigrating patients at its facility.

23. UNC West attempts to justify the in-migration by pointing to the in-migration experience of HCA Mission, UNC Pardee, and AdventHealth Hendersonville. This is unreasonable because:

- This is a different set of hospitals than those upon which UNC West bases its service area definition.

- HCA Mission is the area’s only tertiary hospital with 682 acute-care beds and serves as the regional hospital for trauma and higher acuity patients.
- If approved, UNC West would be the third acute-care provider in Buncombe County. HCA Mission is currently the only hospital in the county. UNC Pardee and AdventHealth Hendersonville are well-established hospitals in Henderson County that do not have a third competitor in the same county.
- UNC West would be located only 16 driving miles from its existing hospital at UNC Pardee. Presumably, these two hospitals would be competing for patients, which UNC West does not address in its utilization projections, service area definition, or in-migration assumptions.

UNC West’s Projected Market Share Is Unreasonable and Not Adequately Supported

24. UNC West includes the following table in its application:<sup>9</sup>

**Table 2-5: Projected Acute Care Days – UNC Health West  
 PSA and SSA**

	<i>FY32 (PY1)</i>	<i>FY33 (PY2)</i>	<i>FY34 (PY3)</i>
PSA Service-Appropriate Market Days	86,504	88,459	90,458
PSA Service-Appropriate Market Days to be Served at UNC Health West	15%	17%	20%
UNC Health West Service-Appropriate Days from PSA	12,976	15,038	18,092
SSA Service-Appropriate Market Days	164,942	168,669	172,481
SSA Service-Appropriate Market Days to be Served at UNC Health West	4%	5%	6%
UNC Health West Service-Appropriate Days from SSA	6,598	8,433	10,349
<b>UNC Health West Total Service-Appropriate Days from PSA and SSA</b>	<b>19,573</b>	<b>23,471</b>	<b>28,440</b>
<b>Total Service-Appropriate Market Days (PSA + SSA)</b>	<b>251,446</b>	<b>257,128</b>	<b>262,939</b>
<b>UNC Health West Total Service-Appropriate Market Share (PSA + SSA)*</b>	<b>7.8%</b>	<b>9.1%</b>	<b>10.8%</b>

\* UNC Health West Total Service-Appropriate Market Share = UNC Health West Total Days from PSA and SSA ÷ Total Market Service-Appropriate Days.

<sup>9</sup> UNC West CON application, p. 161.

25. By the third year, UNC West assumes it will have 20% market share across all ten of its PSA zip codes and 6% across its SSA zip codes.<sup>10</sup> UNC includes no explicit adjustment for the fact that UNC Pardee is located within its SSA. One would reasonably expect for UNC to either keep the patients in those zip codes closest to UNC Pardee at that facility, or to account for a “shift” of patients to UNC West from that existing facility. UNC West does not include any information on service-line offerings that would result in existing UNC patients seeking care at a hospital further away from their homes than UNC Pardee. As such, UNC West does not provide adequate support for the market shares in the portion of the SSAs and PSAs that are closer to UNC Pardee.

26. UNC West bases its market share on using half of the average for the set of hospitals shown in the table below.<sup>11</sup>

**Table 2-4: 2024 Market Share of Respective PSA and SSA  
 Select Hospitals in Western North Carolina**

<i>Facility</i>	<i>PSA</i>	<i>SSA</i>
UNC Health Pardee	41.3%	9.1%
HCA Mission Hospital	71.3%	41.6%
Advent Health Hendersonville	11.7%	5.2%
Transylvania Regional Hospital	39.9%	0.7%
Haywood Regional Medical Center	55.7%	1.1%
Mission McDowell	28.4%	2.9%
<b>Average</b>	<b>41.4%</b>	<b>10.1%</b>

Source: HIDI.

As shown above, the 2024 average PSA market share for these six western North Carolina hospitals was 41.4 percent, while the 2024 average SSA market share for these hospitals was 10.1 percent. To be particularly conservative in calculating its projected market share, UNC Health West has assumed that it will serve *less than half* of this average PSA market share value by its third full project year, or FY 2034. Specifically, UNC Health West projects that its proposed acute care facility will serve 20 percent of the service-appropriate market acute care days in its defined PSA by FY 2034, with lesser shares of 15 percent and 17 percent, respectively, in the first two project years as the facility commences operations. In turn, UNC Health West

<sup>10</sup> UNC West CON application, p. 161

<sup>11</sup> UNC West CON application, p. 160.

27. The market-share capture percentages used are not reasonable or adequately supported. UNC West assumes it will have a higher market share in its PSA than AdventHealth Hendersonville, an acute-care provider that has been in the region for more than 40 years<sup>12</sup> and is a well-established hospital competing with one other hospital in the area (UNC Pardee). If UNC West is approved, it will be competing with two additional providers in Buncombe County and will be located only 16 driving miles from UNC Pardee, so it will likely be competing within its own system for patients in Henderson County. UNC West provides no reasonable basis for why it would have a higher market share than a similarly sized acute-care hospital in adjacent Henderson County.

28. In addition, UNC West does not provide the Agency with any of the following data, which would be required to verify the market-share percentages:

- The list of zip codes in each hospital's PSA and SSA, under the definitions used by UNC West (75% days from PSA, additional 15% from SSA)
- The total number of acute-care days in each zip code in 2024
- The number of acute-care days served by each hospital in each zip code in 2024

29. Moreover, the market shares are unreasonable, as they are based in part on HCA Mission's market share. Earlier in its application, UNC West states HCA Mission is the "single provider of acute-care services in the multicounty service area." UNC West also acknowledges that HCA Mission is a 682-bed tertiary medical facility that has been serving patients "in various forms since 1900."<sup>13</sup> In 2024, HCA Mission was the only hospital in Buncombe County and is the largest hospital in Western North Carolina. If UNC West is approved, it will be the third hospital in Buncombe County (assuming AdventHealth Asheville is operationalized by 2034).

30. Including HCA Mission's market share skews the average market share for the comparison hospitals, as the table below shows. If Mission HCA is not included, the average

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<sup>12</sup> Blue Ridge Now, Park Ridge Health to change hospital's name in January. Available at: <https://www.blueridge.com/story/lifestyle/health-fitness/2018/08/14/park-ridge-health-to-change-hospitals-name-in-january/11007277007/>

<sup>13</sup> UNC West CON application, p. 52.

market share is 35.4% in the PSA and 3.8% in the SSA, relying on the numbers UNC West provided in its CON application.

Hospital Name	PSA	SSA
UNC Health Pardee	41.3%	9.1%
HCA Mission	71.3%	41.6%
Advent Health Hendersonville	11.7%	5.2%
Transylvania Regional Hospital	39.9%	0.7%
Haywood Regional Medical Center	55.7%	1.1%
Mission McDowell	28.4%	2.9%
Average	41.4%	10.1%

Average Without Mission	35.4%	3.8%
Half of Average Without Mission	17.7%	1.9%

Source: UNC West CON application, Table 2-4.

31. In Table 2-5 of its application, UNC West applies half of the market share from the Western North Carolina hospitals in Table 2-4 to approximately half of the projected appropriate inpatient days in the PSA (20%) and SSA (6%). The table below recalculates Table 2-5, using half of the market shares of the Western North Carolina hospitals, excluding Mission Hospital. For purposes of the table below, the service-area appropriate days UNC West calculates are adopted and the 12% in-migration is maintained.<sup>14</sup> Using this revised methodology, which reasonably excludes Mission from the market-share calculation, UNC West has only 21,918 patient days and does not meet the performance standard of 66.7% occupancy (10A NCAC 14C.3803(5)).

<sup>14</sup> Please note NH's criticisms of these factors elsewhere in these comments.

**Revised Table 2-5: Projected Acute-Care Days**

	<b>FY 2032</b>	<b>FY 2033</b>	<b>FY 2034</b>
PSA-Appropriate Market Days	86,504	88,459	90,458
Half Market Share (Excluding Mission)	17.7%	17.7%	17.7%
Resulting Days	15,311	15,657	16,011
SSA-Appropriate Market Days	164,942	168,669	172,481
Half Market Share (Excluding Mission)	1.9%	1.9%	1.9%
Resulting Days	3,134	3,205	3,277
PSA+SSA Days	18,445	18,862	19,288
12% In-Migration	2,515	2,572	2,630
Total Days	20,960	21,434	21,918
Occupancy on 129 Beds	<b>45%</b>	<b>46%</b>	<b>47%</b>

Sources: UNC West CON application, Tables 2-4 and 2-5. Note: Blue cells show revised calculations that result from excluding HCA Mission from the market-share analysis.

UNC West’s Utilization Projections Rely on Unsupported Growth Rates, Particularly for Obstetric Services

32. As shown in the excerpt below, UNC West adopts the county growth rate multiplier (CGRM) to all “service-area appropriate acute care days” for its PSA and SSA through FY 2028. It then adopts slightly over half the CGRM (2.3%) through FY 2034 to determine the acute-care days from which it will gain market share at the proposed hospital, as the excerpt below from page 159 of the UNC West application shows.

While the *SMFP* methodology uses a CGRM of 4.5 percent, it does so through 2028, and the third project year for the proposed project is 2034. As such, to remain conservative in its assumptions, UNC Health West first grew total acute care days for both its PSA and SSA at the CGRM of 4.5 percent through FY 2028. Following that year, it grew total acute care days for both the PSA and SSA at one-half of this CGRM, or 2.3 percent, rounded to the nearest tenth, through FY 2034. These projected service-appropriate market acute care days are shown in Table 2-3 below.

**Table 2-3: Projected Service-Appropriate Acute Care Days  
 Proposed PSA and SSA of UNC Health West**

	<i>FY25</i>	<i>FY26</i>	<i>FY27</i>	<i>FY28</i>	<i>FY29</i>	<i>FY30</i>	<i>FY31</i>	<i>FY32 (PY1)*</i>	<i>FY33 (PY2)</i>	<i>FY34 (PY3)</i>
PSA Service-Appropriate Acute Care Days	69,281	72,413	75,686	79,107	80,894	82,723	84,592	86,504	88,459	90,458
SSA Service-Appropriate Acute Care Days	132,102	138,073	144,314	150,837	154,246	157,732	161,296	164,942	168,669	172,481
<b>Total Service-Appropriate Days</b>	<b>201,383</b>	<b>210,485</b>	<b>219,999</b>	<b>229,943</b>	<b>235,140</b>	<b>240,454</b>	<b>245,888</b>	<b>251,446</b>	<b>257,128</b>	<b>262,939</b>
Total Days	220,736	230,713	241,141	252,041	257,737	263,562	269,518	275,609	281,838	288,208
CAGR Utilized	4.5%	4.5%	4.5%	4.5%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%

\* Project year.

33. UNC West then determined what percentage of inpatient days in the PSA and SSA were attributable to three service lines: medicine, surgery, and obstetrics. UNC West applied these historical percentage of days by service line to the projected total PSA and SSA service-appropriate days, as the excerpt below from page 165 of the UNC West application shows.

**Table 2-11: Total Projected Acute Care Days – UNC Health West  
 By Service Category**

<i>Service Category</i>	<i>% of Total Market Days</i>	<i>FY32 (PY1)</i>	<i>FY33 (PY2)</i>	<i>FY34 (PY3)</i>
<b>PSA</b>				
Medicine	65.9%	4,279	7,438	11,931
Surgery	26.9%	1,748	3,038	4,874
Obstetrics	7.1%	461	802	1,287
<b>Total</b>		<b>6,488</b>	<b>11,279</b>	<b>18,092</b>
<b>SSA and Immigration</b>				
Medicine	67.1%	2,942	5,702	9,543
Surgery	27.7%	1,213	2,352	3,936
Obstetrics	5.3%	231	447	748
<b>Total</b>		<b>4,386</b>	<b>8,501</b>	<b>14,227</b>
<b>Total</b>				
Medicine		7,221	13,140	21,474
Surgery		2,961	5,390	8,810
Obstetrics		692	1,249	2,035
<b>All Service Lines</b>		<b>10,874</b>	<b>19,779</b>	<b>32,319</b>

34. This assumption is unreasonable and overstates the number of obstetric days UNC West can expect in FY 2032–2034. The compound annual growth rates (CAGRs) adopted in the utilization projections (4.5% and 2.3%) are much higher than the projected growth of women between age 15 to 44. In fact, as the table below shows, the population of service area women age 15 to 44 is expected to decline at a CAGR of -2.9% between 2025 and 2030.

**2020–2030 Population Women Age 15 to 44**

<b>ZIP Code</b>	<b>Service Area</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>	<b>2020–2025 Growth</b>	<b>2025–2030 Growth</b>
28704	PSA	5,054	5,594	5,370	2.1%	-0.8%
28715	PSA	5,087	5,324	4,726	0.9%	-2.4%
28729	PSA	392	398	328	0.3%	-3.8%
28730	PSA	1,625	1,661	1,404	0.4%	-3.3%
28732	PSA	3,425	3,454	2,898	0.2%	-3.4%
28735	PSA	30	32	27	1.3%	-3.3%
28742	PSA	525	535	464	0.4%	-2.8%
28759	PSA	1,046	1,059	900	0.2%	-3.2%
28803	PSA	6,549	6,734	5,915	0.6%	-2.6%
28806	PSA	10,173	10,717	9,755	1.0%	-1.9%
28711	SSA	2,568	2,599	2,148	0.2%	-3.7%
28712	SSA	2,845	2,853	2,301	0.1%	-4.2%
28716	SSA	2,993	2,938	2,458	-0.4%	-3.5%
28721	SSA	1,732	1,800	1,527	0.8%	-3.2%
28731	SSA	1,247	1,307	1,166	0.9%	-2.3%
28739	SSA	2,798	2,874	2,394	0.5%	-3.6%
28748	SSA	2,543	2,578	2,264	0.3%	-2.6%
28753	SSA	1,888	1,932	1,631	0.5%	-3.3%
28766	SSA	208	217	179	0.9%	-3.8%
28768	SSA	995	1,030	857	0.7%	-3.6%
28778	SSA	1,971	1,968	1,569	0.0%	-4.4%
28786	SSA	3,298	3,412	2,929	0.7%	-3.0%
28787	SSA	3,581	3,812	3,183	1.3%	-3.5%
28791	SSA	2,130	2,242	1,908	1.0%	-3.2%
28792	SSA	6,036	6,390	5,466	1.1%	-3.1%
28801	SSA	3,745	3,815	3,464	0.4%	-1.9%
28804	SSA	4,603	4,610	3,636	0.0%	-4.6%
28805	SSA	3,396	3,410	2,850	0.1%	-3.5%

PSA Subtotal		33,906	35,508	31,787	0.9%	-2.2%
SSA Subtotal		48,577	49,787	41,930	0.5%	-3.4%
Total		82,483	85,295	73,717	0.7%	-2.9%

Source: ESRI

35. Should the Agency determine UNC West used an appropriate growth rate for days, then UNC West overstates the percentage of days attributable to obstetrics and therefore overstates the need for the labor, delivery, recovery, and postpartum (LDRP) beds and the proposed C-section operating rooms (ORs). To account for the demographic trends of this population group, UNC West could have chosen to grow historical obstetric days at a lower rate than the CGRM. However, it did not choose to do so and therefore overstated how many days are attributable to LDRP beds in each project year.

36. Moreover, in Exhibit C-4.3 (pasted below) to its application, UNC West included data that shows births are declining in the area. As the table below shows, births in Buncombe and Graham Counties have declined over the past four years while births in Madison and Yancey Counties have grown, though slower than the overall growth rates UNC West used to project total inpatient discharges (inclusive of LDRP). Across the four counties, births declined by 2.3% between 2019 and 2023, or a CAGR of -0.6%.<sup>15</sup> However, UNC West is effectively **increasing** the expected births in its service area by its overall growth factors (4.8% and 2.3%). This is unreasonable. UNC West has overstated the occupancy on its LDRP beds by effectively growing the number of obstetric patients when historical data shows a decreasing number of births, and population projection data does not indicate a high growth in women of childbearing age in the area.

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<sup>15</sup> There were 2,916 births in the four counties in 2019 and 2,849 in 2023. This equates to a decrease of 67 births, or 2.3% of the base year (2019) births.

Residence County		2019-2023	2019	2020	2021	2022	2023	2019-2023 CAGR
NC TOTAL	Births	597,603	118,725	116,755	120,501	121,557	120,065	0.3%
	Csect	179,259	34,482	34,935	36,452	36,633	36,757	1.6%
	Per Csect	30.0	29.0	29.9	30.3	30.1	30.6	1.3%
Buncombe	Births	12,025	2,464	2,327	2,447	2,399	2,388	-0.8%
	Csect	3,604	714	666	709	758	757	1.5%
	Per Csect	30.0	29.0	28.6	29.0	31.6	31.7	2.3%
Graham	Births	445	97	77	91	93	87	-2.7%
	Csect	133	30	30	25	25	23	-6.4%
	Per Csect	29.9	30.9	39.0	27.5	26.9	26.4	-3.8%
Madison	Births	937	181	177	198	183	198	2.3%
	Csect	236	45	53	44	41	53	4.2%
	Per Csect	25.2	24.9	29.9	22.2	22.4	26.8	1.9%
Yancey	Births	879	174	183	173	173	176	0.3%
	Csect	252	48	60	46	49	49	0.5%
	Per Csect	28.7	27.6	32.8	26.6	28.3	27.8	0.2%

The inclusion of four Level III neonatal beds at UNC Health West will allow some mothers to stay at the same facility with their infant rather than require the separation of mother and infant due to the infant having to be transferred to a facility with Level III neonatal bed capacity. Further, LDRP beds will enable UNC Health West to meet the growing demand for labor services that will inevitably result from a growing population in its proposed service area as discussed in Section C.4 below. Given their strong correlation to obstetrical services, UNC Health West believes that it is valuable and necessary to include C-Section and neonatal services along with general acute care beds, thereby scaling its women’s and neonatal services appropriately with the number of acute care beds it will develop.

37. UNC’s statement that a need for the LDRP beds “will inevitably result from a growing population in its proposed service area” is inaccurate and misleading. Had UNC West decreased LDRP days by a modest -0.6% to match the decline in births in area counties it showed in exhibit above and grown the remaining days by the CAGRs used in its projections, the hospital would have had 68.02% occupancy in its third year. The two tables below show these calculations.

**Revised Projection of Service Area Days, Using -0.6% Obstetric Growth**

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total PSA-Appropriate Days	66,285	69,028	71,895	74,893	78,027	79,688	81,389	83,128	84,909	86,732	88,598
PSA Obstetric	4,715	4,687	4,659	4,631	4,603	4,575	4,548	4,520	4,493	4,466	4,440
Remaining	61,570	64,341	67,236	70,262	73,424	75,113	76,841	78,608	80,416	82,266	84,158
Total SSA-Appropriate Days	129,674	135,170	140,915	146,922	153,201	156,536	159,949	163,442	167,016	170,674	174,418
SSA Obstetric	6,649	6,609	6,569	6,530	6,491	6,452	6,413	6,375	6,336	6,298	6,261
Remaining	123,025	128,561	134,346	140,392	146,710	150,084	153,536	157,067	160,680	164,376	168,157

Sources: *Table 2-10* *Table 2-10, CAGRs p. 159, no growth in obstetrics*

**Revised Days at UNC West, Based on Table Above and Assumptions in UNC West Application**

PSA-Appropriate Days	88,598
Market Share	20%
UNC Health West Days from PSA	17,720
SSA-Appropriate Days	174,418
Market Share	6%
UNC Health West Days from SSA	10,465
In-Migration	12%
Total Days	32,028
Occupancy of 129 Beds	68.02%

38. Had UNC West appropriately reduced its obstetric days and properly adopted a 10% in-migration to match its service area definition, it would have achieved only 66.51% occupancy in its third year and therefore failed to meet the performance standard. The table below shows this calculation. This calculation maintains UNC West’s market-share assumptions which, as discussed earlier, are not reasonable or adequately supported.

**Occupancy at UNC West, Assuming Decline in Obstetrics and 10% In-Migration**

PSA-Appropriate Days	88,598
Market Share	20%
UNC Health West Days from PSA	17,720
SSA-Appropriate Days	174,418
Market Share	6%
UNC Health West Days from SSA	10,465
In-Migration	10%
Total Days	31,316
Occupancy of 129 Beds	66.51%

The Scope of Acute-Care Inpatient Services UNC West Projects Is Not Reasonable or Adequately Supported

39. In addition to the major errors in its assumptions regarding the demand for services at its proposed hospital, UNC West failed to provide adequate support for the scope of services it includes in its applications. The issues that UNC West fails to provide reasonable and adequately supported evidence for include:

- UNC West’s second floor includes six procedure rooms, two gastrointestinal (GI) endoscopy suites, and “43 rooms for surgery prep and recovery.”
  - This is a ratio of 7 rooms per procedure room, or 5.375 rooms when including the GI endoscopy suites. This is beyond the standard of 1.5 pre-op and post-op beds per OR included in the FGI 2022 *Guidelines for Design and Construction of Hospitals*.<sup>16</sup> UNC West provides no justification for this artificially high number of prep and recovery rooms.
- UNC West states it “isolated the DRGs provided at the UNC Health comparable hospitals, taking care to exclude any DRGs that would not likely be treated at the facility, which ultimately led to the exclusion of approximately 150 DRGs” out of 631 total DRGs.<sup>17</sup> However, UNC West did not include a list of the DRGs it plans to provide as an exhibit or in its CON application. Without this information, the Agency cannot determine if UNC

<sup>16</sup> The Facility Guidelines Institute. Guidelines for Design and Construction of Hospitals. 2022 Edition.

<sup>17</sup>

West has a reasonable basis for the remainder of its utilization projection, which relies on projecting future “Service-Appropriate Acute Care Days” and then applying a market-share assumption to determine how many of those days will be served at UNC West.

- Moreover, UNC West determined over 90% of the historical inpatient days provided to primary and secondary service area residents were in the DRG set appropriate for care at UNC West (see table below).<sup>18</sup> UNC West earlier stated that over half of the discharges at the “comparable UNC Health hospitals” occurred in just 29 DRGs. However, UNC West did not provide information on what percentage of discharges or inpatient days at UNC Health’s comparable hospitals occurred in the remaining 400+ DRGs UNC West claims are appropriate to treat at its proposed hospital. The Agency cannot determine if UNC Health has a history of providing care in this same DRG set at its existing hospitals in Western North Carolina. While Novant Health understands no applicant can precisely determine the diagnoses of patients that will present at a proposed hospital, UNC West did not provide adequate support for its assumption that over 90% of the acute-care days provided to service area residents would be appropriate for care at UNC West.

**Table 2-2: Historical Service-Appropriate Acute Care Days  
 UNC Health West Service Area**

	2022	2023	2024	CAGR*
PSA Service-Appropriate Acute Care Days	61,769	64,406	66,285	3.6%
SSA Service-Appropriate Acute Care Days	120,506	118,405	126,389	2.4%
<b>Total Service-Appropriate Days</b>	<b>182,275</b>	<b>182,811</b>	<b>192,674</b>	<b>2.8%</b>
Total Acute Care Days – All DRGs	197,727	200,557	211,190	3.3%
Service-Appropriate Days % of Total	92.2%	91.2%	91.2%	

Source: Hospital Industry Data Institute (HIDI). Please note the HIDI data above is reported using a June 30 – July 1 fiscal year.  
 \* Compound annual growth rate.

and SSA acute care days results in a reduction from the total acute care days for the market. In 2024, 8.8 percent of the total market acute care days for the PSA and SSA were not included in UNC Health West’s service-appropriate DRG list (211,190 – 192,674 = 18,516; 18,516 ÷ 211,190 = 0.088 = 8.8 percent).

<sup>18</sup> UNC CON application, page 158.

#### **Criterion 4**

*“Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.”*

40. UNC West is not conforming with Criterion 4. As shown in the excerpt below, UNC West states it evaluated the alternative of building a facility with fewer beds:

UNC Health West considered developing the proposed acute care facility with a different number of acute care beds and/or different scope of services than that proposed. However, UNC Health West believes this is a less effective alternative than developing the proposed hospital with 129 acute care beds and the services enumerated in Section C.1. The 2025 SMFP notes an acute care bed need of 129 beds for the Buncombe/Graham/Madison/Yancey multicounty service area; as the only state-owned, full-service healthcare system and the state’s largest academic health system, UNC Health believes it is particularly qualified to develop a new acute care facility in the most populous county in western North Carolina, and believes it can most effectively provide accessible, high quality, and cost-effective services in the proposed service area through the development of a hospital of the proposed size. Additionally, UNC Health’s experience developing and operating other hospitals in the state, including other hospitals in western North Carolina, has enabled it to utilize its experience with these facilities in development of UNC Health West. In particular, it believes the full scope of services to be provided at UNC Health West are necessary so that the facility may provide comprehensive care to its patients in the most effective way possible.

41. However, UNC West does not provide any explanation of what services constitute “comprehensive care” that it could not provide in a hospital with fewer beds. As discussed under Criterion (3) of these comments, UNC West’s application lacks justification for its market share, growth rates for obstetrics, and service area definition. The assumptions UNC adopts inflate the need for the proposed hospital and the number of patient days it is likely to provide in its initial years of operations. As such, the required size of the hospital is inflated. UNC West does not provide sufficient justification for 129 beds and provides an inadequate response under Criterion (4) about a smaller alternative. In addition, the low occupancy at the existing UNC hospital in Western North Carolina cast doubt on UNC’s ability to fill a 129-bed hospital in the area. For these reasons and any others the Agency may find, UNC West should be found non-conforming with Criterion (4).

## **Criterion 5**

*“Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.”*

42. The UNC West application is non-conforming with this criterion. The financial projections depend on the utilization projections for the revenue component. As discussed above, UNC West’s utilization projections are overstated, unreasonable, and without adequate support. Without reliable utilization projections, UNC West has not and cannot demonstrate the long-term financial feasibility of the proposal. Therefore, its application is non-conforming with Criterion 5.

## **Criterion 18a**

*“The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.”*

43. UNC Pardee is located approximately 16 driving miles from the proposed UNC West location. UNC West is hardly in a different medical market from Henderson County, even if it is in a separate SMFP service area.

44. The UNC system already operates in Henderson County, where it has been unable to achieve occupancy even approaching the performance standard. Another UNC hospital would not introduce a new competitor into the medical market. NH Asheville’s application would introduce a new provider in the service area and increase competition for inpatient, outpatient, and emergency services. NH Asheville will give consumers the option of a new community hospital, from a well-established, non-profit North Carolina health system. The hospital will provide acute care appropriate for a smaller hospital, as well as specialty inpatient oncology services, and will improve patients’ access to emergency department services.

## Comments Specific to AH Asheville

### AdventHealth Asheville

45. The Agency should note Novant Health did not appeal the Agency's approval of the 2022 and 2024 AdventHealth Asheville (AHA) applications. Regarding AHA, there is a valid question of how many beds are enough before the proposed hospital even breaks ground. The goal of increasing competition in Buncombe County for acute-care hospital services is now best served by approving Novant Health Asheville as a new entrant with a reasonable number of beds and then deciding how best to allocate the remaining 95 beds to any other conforming applications. AdventHealth Asheville is non-conforming with these criteria:

- Criterion (3)
- Criterion (4)
- Criterion (5)
- Criterion (18a)
- 10A NCAC 14C.3803(5)

### Criterion (3)

G.S. 131E-183(a)(3)

*“The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.”*

46. The AHA application is non-conforming with Criterion (3) in the following ways:

- The AHA application is formatted as a change of scope to Project ID B-12233-22 and B-12526-24 for a new acute-care hospital in Weaverville.
- The geographic access rationale for placing additional acute-care beds in Weaverville is much weaker than the previous rationale for locating an acute-care hospital there. The previous CON approvals for 93 beds provide access to emergency, obstetric, outpatient, and non-elective medical and surgical services. AdventHealth has not provided evidence of any additional services it

could offer with 222 beds it cannot offer with 93 beds. Any difference in services is a function of specialties on the medical staff and not the number of beds.

- In none of its applications has AdventHealth detailed by DRG or otherwise the patients it defines as appropriate to be treated at AHA whether with 67, 93, or 222 beds. Therefore, its market-share projections are not adequately supported because it does not identify the DRGs that define the denominator. It has not compared these future patients to the patients it treats at AdventHealth Hendersonville with its 62 acute-care beds.
- The AHA utilization projections are not reasonable or adequately supported. The assumed market shares on page 134 of the application are arbitrary and unsupported by any analysis. The table on the page below compares the year three market shares projected by AHA in each of its three CON applications for acute care beds in Buncombe County. Adding beds does not change “the discharges at a level appropriate to be served at Advent Health Asheville.” The increased volumes are based on the assumption the 222-bed facility can provide services the 93-bed facility could not. There is no basis for this assumption. The range of services a hospital offers is determined by the medical staff. There is nothing showing how the medical staff for the 222-bed facility would differ from that for the 93-bed facility. The current application includes no hospital equipment not present in the 93-bed facility. The mobile cardiac catheterization equipment discussed on page 53 of the application could be employed with 93 beds. Therefore, there is no reasonable basis for the assumed increases in market shares by zip code.

47. The reasonableness of the utilization projections is not supported by AdventHealth’s history at Hendersonville. This is a hospital with 62 acute-care beds that offers the same services AdventHealth says a 222-bed hospital would offer. In FY 2024, it reported 15,559 patient days, 68.8% occupancy, a 36% market share among Henderson County hospitals, and a 5.6% market share for hospitals in Buncombe and Henderson Counties.<sup>19</sup>

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<sup>19</sup> NC Department of Health and Human Services, “Proposed State Medical Facilities Plan,” [https://info.ncdhhs.gov/dhsr/ncsmfp/2026/01\\_Proposed2026SMFP\\_v4.pdf?ver=1](https://info.ncdhhs.gov/dhsr/ncsmfp/2026/01_Proposed2026SMFP_v4.pdf?ver=1), 2026, Table 5A.

Table Q.5 Comparison of Year 3 Market Shares in AHA2022 and 2025 Applications					
Zip Code	2022 Application	2024 Application	2025 Application	Absolute Change	Percentage Change
<b>Buncombe County</b>					
28701	20.0%	30.0%	40.0%	20%	100%
28704	10.0%	10.0%	10.0%	0%	0%
28709	20.0%	30.0%	40.0%	20%	100%
28711	20.0%	20.0%	30.0%	10%	50%
28715	20.0%	20.0%	30.0%	10%	50%
28728	20.0%	20.0%	30.0%	10%	50%
28730	10.0%	10.0%	10.0%	0%	0%
28748	20.0%	30.0%	30.0%	10%	50%
28757	20.0%	20.0%	30.0%	10%	50%
28770	20.0%	20.0%	30.0%	10%	50%
28776	20.0%	20.0%	30.0%	10%	50%
28778	20.0%	20.0%	30.0%	10%	50%
28787	20.0%	30.0%	45.0%	25%	125%
28801	20.0%	20.0%	30.0%	10%	50%
28802	20.0%	20.0%	30.0%	10%	50%
28803	20.0%	20.0%	30.0%	10%	50%
28804	20.0%	30.0%	40.0%	20%	100%
28805	20.0%	20.0%	30.0%	10%	50%
28806	20.0%	20.0%	30.0%	10%	50%
28810	0.0%	20.0%	30.0%	30%	∞
28813	20.0%	20.0%	30.0%	10%	50%
28815	20.0%	20.0%	30.0%	10%	50%
28816	20.0%	20.0%	30.0%	10%	50%
<b>Graham County</b>					
28702	12.0%	10.0%	20.0%	8%	67%
28733	12.0%	10.0%	20.0%	8%	67%
28771	12.0%	10.0%	20.0%	8%	67%
<b>Madison County</b>					
28743	15.0%	20.0%	40.0%	25%	167%
28753	15.0%	20.0%	40.0%	25%	167%
28754	15.0%	20.0%	40.0%	25%	167%
<b>Yancy County</b>					
28714	15.0%	20.0%	40.0%	25%	167%
28740	15.0%	20.0%	40.0%	25%	167%
28755	15.0%	20.0%	40.0%	25%	167%

**Criterion (4)**

G.S. 131E-183(a)(4)

*“Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.”*

48. In light of the NH Asheville application for 34 acute care beds, AH’s explanation of why it did not apply for fewer than 129 beds is not reasonable or adequately supported. The discussion of the number of beds from page 82 of the application is reproduced below.

**Develop a Different Number of Additional Acute Care Beds**

One alternative would be to add fewer than 129 additional acute care beds to the approved hospital. AdventHealth determined that this approach would not be sufficient to meet the demonstrated inpatient needs of service area. As described in Section C, AdventHealth identified over 25,000 discharges in 2024 (excluding services outside the project scope) that could be appropriately served at the proposed hospital. These discharges equated to nearly 125,167 days of care in FY2024, corresponding to an average daily census of over 343.

Although the service area could support a hospital with even more beds, the proposed complement of 129 additional beds was determined to be the most effective balance, large enough to relieve capacity shortfalls, achieve economies of scale, and accommodate higher-acuity patients, but also consistent with the need determination and reasonable capital investment. Adding fewer beds would perpetuate capacity constraints, intensify occupancy pressures, and limit operational efficiency.

Importantly, the proposed expansion positions AdventHealth Asheville to evolve toward tertiary care capabilities. At 222 beds, the hospital will have the clinical scale, staffing depth, and infrastructure to support higher-acuity service lines, including trauma care, cardiac catheterization, and neonatal acute care. This scale ensures the hospital can safely and sustainably add specialized programs over time, enabling residents to access advanced services locally rather than traveling outside the region.

49. AH could not have applied for more than 129 beds because doing so would be inconsistent with the SMFP.

50. The average daily census of over 343 noted ignores the existing hospital in Buncombe County. Because of the NH application and because of the flexibility of bed count at Mission discussed below, fewer beds at AHA would not “perpetuate capacity constraints, intensify occupancy pressures, and limit operational efficiency.

51. As discussed under Criterion (3), there is no reason to expect AHA to have an average daily census in Project Year 3 that meets the performance standard for 222 licensed

beds. It is more likely to meet the performance standard for 188 beds, making that number of beds a less costly and more effective alternative.

52. AHA does not need 222 beds to support trauma care, cardiac catheterization or neonatal acute care. These services can be offered as easily with 188 acute care beds if it is awarded 95 of the available 129 beds.

### **Criterion (5)**

G.S. 131E-183(a)(5)

*“Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.”*

53. The AHA application is non-conforming with Criterion (5) in these ways:

- Because AHA’s utilization projections for the 222-bed facility are not reasonable or adequately supported, as discussed under Criterion 3, AdventHealth has not shown the long-term financial feasibility of the proposal.
- The differences in staffing by position and the resulting salary expense are in some cases unreasonable and not adequately supported. The table below compares the staffing in the three applications. It also shows the percentage changes in beds and in staffing for each position between the 2022 and 2025 applications and between the 2024 and 2025 applications. The number of full-time employees in some jobs is not projected to increase proportionately with beds (e.g., CEO, COO, CFO, DON). However, the decrease or lack of increase in medical records and related positions, and the far less than proportionate increase in certified nurse assistants (CNAs), and most categories of technicians cannot be attributed to economies of scale.
- As discussed under Criterion (3), AHA’s utilization projections are not reasonable or adequately supported. It is unreasonable to expect that AHA can reach an occupancy rate of 71.4% on 222 beds in 2032, its third full year of operation.

Form H Staffing - AdventHealth Projections of FTEs in 3rd Full FY across Applications					
Application:	# of FTEs			% Change	
	2022 CON	2024 COS	2025 COS	F: CY2027 T: CY2032	F: FY2030 T: CY2032
Year:	CY2027	FY2030	CY2032		
Total Beds	67	93	222	231.34%	138.71%
Clerical	19.16	22.08	11.04	-42.38%	-50.00%
Clinical Informatics	1.84	1.84	0.92	-50.00%	-50.00%
Medical Records	3.68	3.68	3.68	0.00%	0.00%
Administrator / CEO	0.92	0.92	0.92	0.00%	0.00%
Chief Operating Officer	0.92	0.92	0.92	0.00%	0.00%
Chief Financial Officer	0.92	0.92	0.92	0.00%	0.00%
Pharmacists	8.92	8.92	10.12	13.45%	13.45%
Pharmacy Technicians	8.00	8.00	9.2	15.00%	15.00%
Director of Nursing	4.60	4.60	5.52	20.00%	20.00%
Chaplain	2.30	2.30	2.76	20.00%	20.00%
Social Workers	7.36	8.28	11.04	50.00%	33.33%
Patient Experience	2.76	2.76	3.68	33.33%	33.33%
Certified Nurse Aides / Nursing Assistants	39.91	65.12	96.69	142.27%	48.48%
Security	8.65	8.65	12.85	48.55%	48.55%
Dieticians	3.68	3.68	5.52	50.00%	50.00%
Maintenance/Engineering	7.36	7.36	11.04	50.00%	50.00%
Materials Management	6.44	6.44	10.12	57.14%	57.14%
Staff Development Coordinator	2.76	2.76	4.6	66.67%	66.67%
Central Sterile Supply	5.92	5.92	9.92	67.57%	67.57%
Surgical Technicians	14.50	16.50	27.84	92.00%	68.73%
Laboratory Technicians	13.92	13.92	24.76	77.87%	77.87%
Radiology Technologists	22.76	26.76	47.68	109.49%	78.18%
Clinical Improvement	4.60	4.60	8.28	80.00%	80.00%
Cooks	10.12	10.12	19.32	90.91%	90.91%
Dietary Aides	9.20	9.20	18.4	100.00%	100.00%
Lactation Consultant	0.92	0.92	1.84	100.00%	100.00%
Business Office	20.24	20.24	41	102.57%	102.57%
Registered Nurses	138.40	165.61	368.88	166.53%	122.74%
Sonographers	2.00	2.00	5.52	176.00%	176.00%
Housekeeping	13.80	13.80	43.24	213.33%	213.33%
Assistant Director of Nursing	3.68	4.60	17.48	375.00%	280.00%
Respiratory Therapists	11.50	11.50	55.54	382.96%	382.96%
Total FTEs	401.74	464.92	891.24	121.84%	91.70%

**Criterion (18a)**

G.S. 131E-183(a)(18a)

*“The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall*

*demonstrate that its application is for a service on which competition will not have a favorable impact.”*

54. The AHA application is non-conforming with Criterion (18a) in these regards:
- Because of the approved 93 acute-care beds, AHA will not be a new acute-care hospital provider in HSA I.
  - Granting the AHA application for 129 beds would prevent the Agency from approving an applicant that would be a new provider in the service area and would thus lessen or restrict competition for services. Three providers are better than two from a competition perspective, especially where AHA has already acquired a sufficient number of beds to offer a full complement of services.

**10A NCAC 14C.3803(5)**

*“project an average occupancy rate of the existing, approved, and proposed acute care beds for the hospital system during the third full fiscal year of operation following completion of the project that equals or exceeds the target occupancy percentage of:*

- (a) 66.7 percent if the ADC is less than 100;*
- (b) 71.4 percent if the ADC is 100 to 200;*
- (c) 75.2 percent if the ADC is 201 to 399; or*
- (d) 78.0 percent if the ADC is greater than 400;”*

55. The AHA application is non-conforming with the performance standard. As discussed under Criterion (3), AHA’s utilization projections are not reasonable or adequately supported. It is unreasonable to expect AHA can reach an occupancy rate of 71.4% on 222 beds in 2032, its third full year of operation.

56. For the reasons stated above and any others the Agency may discern, the Agency should deny AdventHealth’s CON application.

**Comments Specific to Mission**

**Mission Is Not Conforming with All Applicable CON Criteria**

57. The Mission application cannot be approved because it is not conforming with these applicable CON Criterion:

- 3 (G.S. 131E-183(a)(3))
- 4 (G.S. 131E-183(a)(4))
- 18a (G.S. 131E-183(a)(18a))
- 20 (G.S. 131E-183(a)(20))

### **Section C - Criterion (3)**

G.S. 131E-183(a)(3)

*“The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.”*

58. Mission Hospital’s application is non-conforming with Criterion 3 because the utilization projections do not account for inpatient bed expansion in the region. AdventHealth has been approved for CON beds on two prior applications and is planning to open 93 inpatient beds in 2029. Mission’s application has not accounted for the change in demand that will occur when AdventHealth opens its inpatient facility in Buncombe County.

59. The table below shows the consistent Mission bed utilization in the years when AdventHealth Weaverville will open its new inpatient beds.

**Projected Utilization Analysis**

Bed Category	Interim CY 2026	Interim CY 2027	Interim CY 2028	Interim CY 2029	Interim CY 2030	Project Year 1 CY 2031	Project Year 2 CY 2032	Project Year 3 CY 2033
<b>ICU</b>								
ICU Admits	6,834	6,875	6,917	6,958	7,000	7,042	7,084	7,127
ICU Days	32,805	33,002	33,200	33,400	33,600	33,097	33,296	33,496
ALOS	4.8	4.8	4.8	4.8	4.8	4.7	4.7	4.7
ADC	89.9	90.4	91.0	91.5	92.1	90.7	91.2	91.8
<b>Actual Number of Beds</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Occupancy	89.9%	90.4%	91.0%	91.5%	92.1%	90.7%	91.2%	91.8%
<b>Med/Surg</b>								
Med/Surg/Tele/Prog Admits*	37,431	37,880	38,335	38,795	39,261	39,732	40,208	40,691
Med/Surg/Tele/Prog Days	205,872	208,342	210,843	213,373	215,933	214,551	217,126	219,731
ALOS	5.5	5.5	5.5	5.5	5.5	5.4	5.4	5.4
ADC	564.0	570.8	577.7	584.6	591.6	587.8	594.9	602.0
<b>Actual Number of Beds</b>	<b>538</b>	<b>538</b>	<b>538</b>	<b>538</b>	<b>538</b>	<b>667</b>	<b>667</b>	<b>667</b>
Occupancy	104.8%	106.1%	107.4%	108.7%	110.0%	88.1%	89.2%	90.3%
<b>OB/Post Partum</b>								
OB Admits	4,253	4,274	4,295	4,317	4,338	4,360	4,382	4,404
OB Days	12,241	12,302	12,363	12,425	12,487	12,550	12,612	12,676
ALOS	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
ADC	33.5	33.7	33.9	34.0	34.2	34.4	34.6	34.7
<b>Actual Number of Beds</b>	<b>44</b>	<b>44</b>	<b>44</b>	<b>44</b>	<b>44</b>	<b>44</b>	<b>44</b>	<b>44</b>
Occupancy	76.2%	76.6%	77.0%	77.4%	77.8%	78.1%	78.5%	78.9%
<b>Subtotal Acute Beds (without NICU)</b>								
Acute Admits	48,518	49,030	49,547	50,070	50,599	51,134	51,675	52,222
Acute Days	250,918	253,647	256,406	259,197	262,020	260,198	263,034	265,903
ALOS	5.2	5.2	5.2	5.2	5.2	5.1	5.1	5.1
ADC	687.4	694.9	702.5	710.1	717.9	712.9	720.6	728.5
<b>Actual Number of Beds</b>	<b>682</b>	<b>682</b>	<b>682</b>	<b>682</b>	<b>682</b>	<b>811</b>	<b>811</b>	<b>811</b>
Occupancy	100.8%	101.9%	103.0%	104.1%	105.3%	87.9%	88.9%	89.8%
<b>NICU Beds</b>								
NICU Admits	840	844	849	853	857	861	866	870
NICU Days	16,378	16,460	16,542	16,625	16,708	16,791	16,875	16,960
ALOS	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5
ADC	44.9	45.1	45.3	45.5	45.8	46.0	46.2	46.5
<b>Actual Number of Beds</b>	<b>51</b>	<b>51</b>	<b>51</b>	<b>51</b>	<b>51</b>	<b>51</b>	<b>51</b>	<b>51</b>
Occupancy	88.0%	88.4%	88.9%	89.3%	89.8%	90.2%	90.7%	91.1%
<b>Total Acute Beds with NICU</b>								
Acute Admits	49,359	49,874	50,396	50,923	51,456	51,995	52,540	53,091
Acute Days	267,296	270,106	272,948	275,822	278,728	276,990	279,909	282,862
ALOS	5.4	5.4	5.4	5.4	5.4	5.3	5.3	5.3
ADC	732.3	740.0	747.8	755.7	763.6	758.9	766.9	775.0
<b>Actual Number of Beds</b>	<b>733</b>	<b>733</b>	<b>733</b>	<b>733</b>	<b>733</b>	<b>862</b>	<b>862</b>	<b>862</b>
Occupancy	99.9%	101.0%	102.0%	103.1%	104.2%	88.0%	89.0%	89.9%

\*Includes only M/S patients that did not have any ICU days so as not to double count admissions

Note: calculations are generated using excel and may not be able to be reproduced precisely given the rounding of decimals and percentages in the above presentation

60. Mission Hospital’s 2025 application for inpatient beds describes its projection methods as conservative<sup>20</sup> but does not account for any change in admissions or patient days due to AdventHealth’s new hospital. Mission has not shown there is a need for 129 more beds at its

<sup>20</sup> Mission Hospital CON Application 129 Acute Care Beds Buncombe, Graham, Madison, Yancey Counties, NC, p. 164.

facility as it has not accounted for the reduced patient volume that will result from the opening of AdventHealth Weaverville.

#### Utilization of Temporary Licensure Compliant Beds

61. According to Mission's 2025 CON application, it has 733 acute-care beds (including 51 neonatal beds and 638 Med/Surg and intensive care unit (ICU) beds). This enables Mission to use 73 of its licensure-compliant bed spaces to accommodate temporary licensed beds which can be renewed indefinitely based on capacity. In conjunction with the already approved CON beds for AdventHealth at their Weaverville facility, Mission will be able to support all project volume for the project years with their current level of available temporary beds. Mission can support the volume it projects with no additional permanently licensed beds before considering the impact of AdventHealth Weaverville. Due to this capability, Mission's application is non-conforming with criterion 3.

#### Utilization of Temporary Licensure Compliant Beds With a Partial CON Award

62. If the Agency awarded 34 beds to the Novant Health CON application, the remaining 95 beds could be awarded to satisfy the projected volume in the Mission Application. In the third project year (2033), Mission projects 253,227 patient days for acute-care beds. With the additional 95 CON-awarded beds, Mission would see an occupancy rate of 94.6% with this projected volume. Allowing temporary licensed beds (that could be renewed in 60-day periods based on capacity), Mission could increase its acute-care bed count to 815 during times of greatest demand. With that capacity, the occupancy rate for Mission would be 85.1% in the third project year (2033). Utilizing temporary beds and a partial CON award would result in Mission having a lower occupancy rate (85.1% vs. 90.5%) in the third project year. As Mission can manage its projected capacity with a partial CON award that compliments Novant's 34-bed request, the best allocation of beds would include letting Novant Health establish a new hospital in Buncombe County.

**Mission Acute Bed Occupancy with Temporary Licensed Beds**

	Mission Application for 129 Beds <sup>21</sup>			Awarding 34 Beds to NH / 95 Beds to Mission			Awarding 34 Beds to NH / 95 Beds to Mission & Mission Utilizing 82 <sup>22</sup> Temporary Beds		
<b>Projected Health Service Facility Bed Utilization upon Project Completion Mission Hospital - Acute-Care Beds</b>	<b>1st Full FY (a)</b>	<b>2nd Full FY</b>	<b>3rd Full FY</b>	<b>1st Full FY (a)</b>	<b>2nd Full FY</b>	<b>3rd Full FY</b>	<b>1st Full FY (a)</b>	<b>2nd Full FY</b>	<b>3rd Full FY</b>
	F: 01/01/2031 T: 12/31/2031	F: 01/01/2032 T: 12/31/2032	F: 01/01/2033 T: 12/31/2033	F: 01/01/2031 T: 12/31/2031	F: 01/01/2032 T: 12/31/2032	F: 01/01/2033 T: 12/31/2033	F: 01/01/2031 T: 12/31/2031	F: 01/01/2032 T: 12/31/2032	F: 01/01/2033 T: 12/31/2033
<b>Acute-Care Hospital - Med/Surg and ICU (b)</b>									
Total # of Beds, Including All Types of Beds	767	767	767	733	733	733	815	815	815
# of Admissions or Discharges (Admissions)	46,774	47,293	47,818	46,774	47,293	47,818	46,774	47,293	47,818
# of Patient Days	247,649	250,422	253,227	247,649	250,422	253,227	247,649	250,422	253,227
Average Length of Stay	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3
Occupancy Rate	88.5%	89.5%	90.5%	92.6%	93.6%	94.6%	83.3%	84.2%	85.1%

<sup>21</sup> Mission Hospital CON Application, p. 159.

<sup>22</sup> Mission in 2024/25 has been able to secure 73 temporary licensed beds. If awarded 95 acute care beds under its current CON application, Mission will be able to increase temporary licensed beds by 9 additional beds (10%) for a total of 82 temporary licensed beds.

### **Section E - Criterion (4)**

G.S. 131E-183(a)(4)

*“Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.”*

63. Mission Hospital’s application fails to satisfy the statutory language of G.S. 131E-183(a)(4), which requires the applicant to “demonstrate that the least costly or most effective alternative has been proposed.” By excluding a partial award to Novant Health (or any other previous applicant for beds in the region), Mission effectively limited its analysis to two self-serving options: building all 129 beds itself or not building them at all. The existence of Novant’s application for 26 beds in 2024 in the same county, known to Mission during the planning process, meant a split allocation was a foreseeable alternative that should have been modeled. Mission’s deliberate exclusion of this preferred option represents a failure of the criterion to consider the least costly or most effective alternative.

#### The Most Effective Alternative for Quality and Access

64. Should the Agency decide to award Mission any beds, the split award is the “most effective” alternative for the health and welfare of the community. A full 129-bed award to Mission would only reinforce the current centralized single-provider model for acute care, further tying the community’s healthcare choices to a facility operating under immense scrutiny for staffing and quality deficiencies. Novant’s 34-bed facility, located in the southern corridor, improves access for underserved populations and introduces the competitive pressure necessary to force quality improvements across the entire market. This decentralized, high-quality, and cost-effective competitive option is strategically superior to simply expanding the existing, problematic system.

### **Section N - Criterion (18a)**

G.S. 131E-183(a)(18a)

*“The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact*

*on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.”*

65. The first focus area in which Mission Hospital’s application does not comply with this criterion is that additional competition will have a positive impact on quality due to the competition of a new provider in the region and the lack of continued reliance on a single provider that has struggled to maintain quality even at its current size. This issue is also addressed in connection with non-compliance with Criterion 20, below.

66. The second focus area stems from the fact that Mission (in its application) has not affirmed the benefits of competition on the accessibility of acute-care services in the region.

#### Impact of Competition on Quality

67. NH Asheville’s previous comments are incorporated by reference into its comments on this criterion. Like its application in 2024, the 2025 Mission application continues to be non-conforming with Criterion (18a). The approval of the Mission application would reduce competition in the service area by preventing approval of the NH Asheville application. NH Asheville will be a new provider in the service area and increase competition for inpatient, outpatient, and emergency services. It will improve customer access to emergency department services. It will benefit consumers by offering better negotiated rates than Mission or AdventHealth.

68. Competition will have a favorable effect on services because NH Asheville will have proper staffing and cause Mission to improve the staffing and quality of its services to reduce the loss of physicians and patients to NH Asheville. Competition will have a favorable effect on emergency services by reducing access times for patients and wait times for emergency medical service (EMS) units. Competition will have a favorable effect on negotiated rates by making Novant’s lower rates available in the service area.

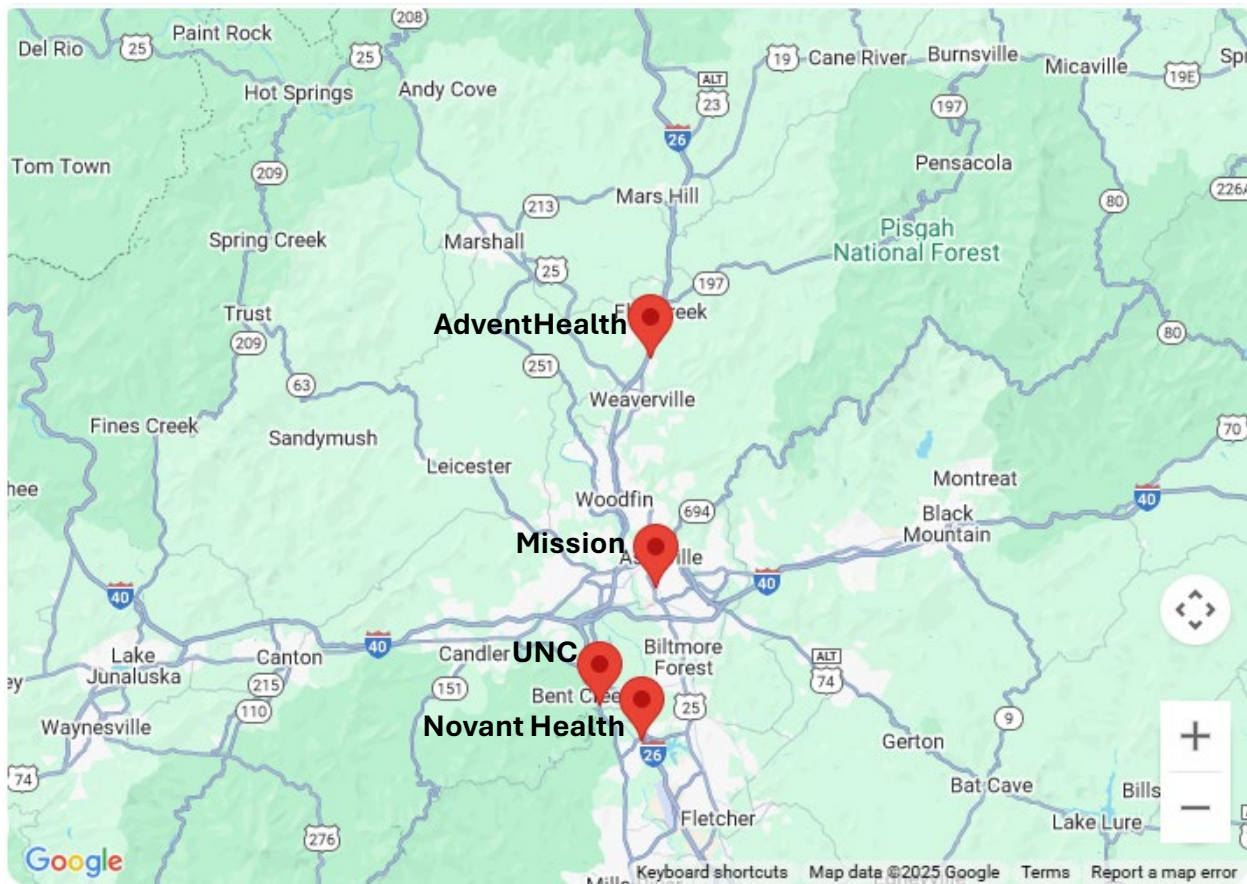
#### Competition Impact on Provider Availability

69. NH Asheville’s application increases competition for acute-care services in the area and offers residents an additional choice of provider. It will offer more properly staffed

inpatient and outpatient oncology services. It will offer more access to emergency services with reduced delays for patients and first responders. It will add more acute-care inpatient and outpatient service capacity to the service area.

70. The NH Asheville application improves quality and access to healthcare services and delivers the benefits of competition for residents of the service area. The Mission application does nothing to improve quality and access to healthcare services that could not be done without a CON. For these reasons, the Agency should consider the NH Asheville application to be superior to the Mission application.

### Map of Existing / Proposed Hospital Locations



### Competition Impact on Patient Accessibility

71. As shown in the map above, the proposed location for the Novant Health Asheville Medical Center on Long Shoals Road is the southernmost of the proposed or existing hospital locations in Buncombe County. NH Asheville offers significant geographic and

logistical advantages by strategically positioning a critical care facility in the underserved southern corridor of Buncombe County. This location directly addresses a major gap in the regional healthcare market, which is now centered on the highly concentrated Mission Hospital complex in downtown Asheville.

72. Being the most southern of the four proposed sites, NH Asheville provides reduced travel time for residents in the rapidly growing communities of Arden, Fletcher, and Biltmore Park, as well as patients traveling north from Henderson County. This strategic placement is not just about proximity; it is about providing a decentralized point of service that alleviates the current reliance on a single, often difficult-to-reach urban hospital for a growing population. The Mission application fails to acknowledge the benefit to patients in southern counties who will not have to travel into the crowded downtown corridor where Mission will continue to operate.

73. The NH Asheville site has superior highway access, which bypasses the most congested urban arteries. NH Asheville will be constructed in the southwest quadrant of the intersection of Interstate 26 (I-26) and Long Shoals Road (NC 146). This site allows for direct, immediate access to a major interstate without requiring navigation through the dense, winding surface streets and bottlenecked thoroughfares, such as I-240 and its downtown exits, that are necessary to reach the existing Mission Hospital campus. This convenience and reduced friction in travel is especially important for emergency care, providing a more reliable route that avoids the centralized gridlock often associated with accessing healthcare in the city center.

### **Section O - Criterion (20)**

G.S. 131E-183(a)(20)

*“An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.”*

74. The 2025 Mission application is non-conforming with this criterion. Mission has requested all 129 additional acute-care beds. Adding 129 beds to a hospital with poor quality scores and poor patient satisfaction measures will not have a positive impact on the quality of services for patients in this region.

Immediate Jeopardy Findings

75. Since the acquisition by HCA, Mission Hospital has been cited for Immediate Jeopardy (or recommended for citation) on three occasions. These incidents and their timeframes are shown in the table below.

**Mission Hospital (HCA) Immediate Jeopardy History**

Year/Timeframe	Regulatory Action & Status	Key Incidents/Deficiencies Cited
October 2025 (Most Recent)	IJ Recommendation by NCDHHS (pending CMS decision at the time of reporting)	Failures related to patient misidentification, telemetry monitoring (including a cardiac patient death after monitor disconnection), and patient-transportation safety (lack of continuous pulse oximetry monitoring). <sup>23</sup>
Early 2024	IJ Citation by CMS (lifted after Plan of Correction)	Revealed 18 patients were harmed, including four who died, between 2022 and 2023 due to violations in emergency and oncology services. <sup>24</sup>
2021	IJ Citation (lifted after Plan of Correction)	Failed to maintain a safe environment for a patient who was found dying on the floor of her room, IV disconnected, with unsecured syringes nearby. <sup>25</sup>

<sup>23</sup> Jack Evans and Jeremy B. Jones, “Mission Hospital faces new immediate jeopardy recommendation as state agency flags major safety risks,” The Asheville Watchdog, <https://www.northcarolinahealthnews.org/2025/10/19/mission-hospital-faces-new-immediate-jeopardy-recommendation-as-state-agency-flags-major-safety-risks/>, October 19, 2025.

<sup>24</sup> Andrew R. Jones, “Feds cite Asheville’s Mission Hospital for “immediate jeopardy,” HCA division president tells staff,” The Asheville Watchdog, <https://avlwatchdog.org/feds-cite-ashevilles-mission-hospital-for-immediate-jeopardy-hca-regional-president-tells-staff/>, February 2, 2024.

<sup>25</sup> Peter Lewis, “Mission Hospital had earlier, unreported immediate jeopardy citation after patient’s death in 2021, court documents reveal,” The Asheville Watchdog, <https://avlwatchdog.org/mission-hospital-had-earlier-unreported-immediate-jeopardy-citation-after-patients-death-in-2021-court-documents-reveal/>, October 17, 2025.

76. The repeated sanctioning of Mission Hospital identifies management failures that make its application for more beds suboptimal for the community. Regulatory surveys and Mission’s own staff have argued that the root cause of these quality lapses is chronic, unsafe understaffing since the acquisition by HCA Healthcare. HCA’s operational model has been to surge resources temporarily to comply with the Centers for Medicare & Medicaid Services (CMS) deadline and have the Immediate Jeopardy (IJ) status lifted. Once the threat of losing Medicare and Medicaid funding subsidies, the hospital returns to a baseline of cost-saving measures and inadequate staffing levels, inevitably leading to the next cycle of patient harm and regulatory non-compliance. Granting Mission new inpatient beds without permanently addressing this core, repetitive pattern or regulatory failures would not serve the community’s compelling interest in quality and safety.

77. The recurrence and severity of the IJ status are undeniable proof of management’s failure to maintain a safe environment. IJ is the harshest sanction the CMS can impose, meaning the hospital’s conditions pose a high risk of serious injury, harm, or death to patients. Mission Hospital has faced this designation multiple times since 2019, including recent findings in 2024 and recommendation for IJ in 2025 related to patient deaths, failure to monitor emergent needs, and lapses in infection control. Further, the North Carolina Attorney General has sued HCA, alleging failure to uphold contractual commitments related to emergency and cancer-care services. Granting an expansion to a facility with this history would only enable continuation of a broken system.

78. In August of 2025, the Buncombe County Board of Commissioners sent a letter<sup>26</sup> to the North Carolina Office of Emergency Medical Services regarding concerns with Mission Hospital’s impact on the patients in their community. The letter raises quality and reliability concerns about Mission Hospital that are directly relevant to its ability to justify the addition of more inpatient beds. The Commissioners’ letter stated the Board had “concerns about whether the hospital can safely or sustainably meet the responsibility of a Level I Trauma Center.” The

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<sup>26</sup> Buncombe County Board of Commissioners. Agendas & Minutes. Available at: <https://buncombeconc.portal.civicclerk.com/event/51/files/attachment/1236>

letter points to “well-documented operational and staffing issues in recent years,” immediate jeopardy findings, staff turnover issues and questions about Mission’s ability to consistently operate even at its current Level II status.

79. The letter also highlights the financial burden to the community, referring to a study that indicated HCA trauma centers charge dramatically higher activation fees, suggesting that any expansion could lead to greater costs for patients without a guaranteed improvement in quality or access.

80. Beyond federal sanctions and local government concerns, Mission Hospital has had a dramatic decline in patient satisfaction and consumer trust. Patient experience scores—which capture the human element of care, such as communication, responsiveness, and cleanliness—have dropped significantly. For example, the hospital has been downgraded in safety ratings by agencies like The Leapfrog Group,<sup>27</sup> and CMS data<sup>28</sup> indicates that patient reports of staff responsiveness, the cleanliness of the hospital environment, and explanation of medicines often fall well below the North Carolina state average. Repeated failures to address patient safety and operational needs have resulted in the CMS Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) Patient Survey Ratings of 1 out of 5 stars. This drop in patient experience reflects the direct consequences of staff cuts and overburdened staff.

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<sup>27</sup> “Mission Hospital,” Leapfrog Hospital Safety Grade, [https://www.hospitalsafetygrade.org/h/mission-hospital?findBy=city&city=Asheville&state\\_prov=NC&rPos=300&rSort=distance#](https://www.hospitalsafetygrade.org/h/mission-hospital?findBy=city&city=Asheville&state_prov=NC&rPos=300&rSort=distance#).

<sup>28</sup> “Memorial Mission Hospital and Asheville Surgery Ce,” Medicare.gov, <https://www.medicare.gov/care-compare/details/hospital/340002/view-all?state=NC>.

**CMS Patient Experience Metrics: Mission Hospital vs. NC Average**

<b>HCAHPS Measure</b>	<b>Mission Hospital Score</b>	<b>North Carolina Average</b>	<b>Comparison</b>
Cleanliness (Patients who reported that their room and bathroom were “Always” clean)	48%	71%	23 percentage points below the state average
Help Promptness/Responsiveness (Patients who reported that they “Always” received help as soon as they wanted)	62%	64%	2 percentage points below the state average
Communication about Medicines (Patients who reported that staff “Always” explained about medicines before giving it to them)	50%	62%	12 percentage points below the state average
Overall Rating of 9 or 10 (Patients who gave their hospital a rating of 9 or 10 on a scale from 0 to 10)	61%	71%	10 percentage points below the state average

81. The combination of regulatory failures, the exodus of hundreds of doctors and nurses, and the low consumer ratings have caused a profound loss of community trust. Mission Hospital is now mired in lawsuits and negative press. HCA’s destruction of the hospital’s reputation poses a significant challenge to its CON application, as the expansion of an institution that has lost community confidence and proven unable to maintain federally mandated safety standards is contrary to the CON mandate of promoting public health and access.



**What is**  
Patient Safety?


**Your Hospital's**  
Safety Grade

**What You Can Do**  
to Stay Safe

**For Hospitals**

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Our Movement

A program of  


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This Hospital's Grade



### Mission Hospital

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 Asheville, NC 28801-4690  
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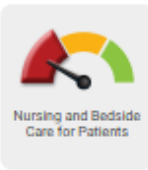
Safety Problems ▼

Practices to Prevent Errors ▼


Doctors, Nurses & Hospital Staff




Effective leadership to prevent errors




Nursing and Bedside Care for Patients



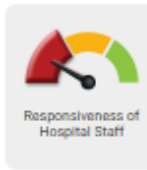
Specially trained doctors care for ICU patients



Communication with Doctors



Communication with Nurses



Responsiveness of Hospital Staff

**Hospital Performs:**

Worse Than Average  Better Than Average

**This Hospital's Score:**  
110.77

**Best Hospital's Score:**  
120.00

**Average Hospital's Score:**  
117.60

**Worst Hospital's Score:**  
46.15

**Effective leadership to prevent errors**

Errors are much more common if hospital leaders don't make patient safety a priority. Leaders must make sure that all hospital staff knows what they need to work on and that they are held accountable for improvements. The hospital should also budget money towards improving safety.

Hospitals can earn up to 120 points for having leadership structures that increase awareness of patient safety issues and holding leadership accountable for improvements. [For details on sources, click here.](#)

**What safer hospitals do:**

Hospital leaders are aware of the hospital's patient safety problems, work with hospital staff to fix them, and share their efforts with the larger community. Leaders also make it a priority to learn about and use the best methods to prevent errors and are held accountable for identifying and reducing unsafe practices.

**Notes and Definitions**

1. **Declined to Report:** The hospital was asked to provide this information to the public, but did not.
2. **Not Available:** "Not Available" means that the hospital does not have data for this measure. This could be because the measure is related to a service the hospital does not provide. For example, a hospital that does not have an ICU would not be able to report data about ICUs. It could also be because the hospital had too few patients or cases to report data for a particular condition or procedure. A "Not Available" result does not mean that the hospital withheld information from the public.
3. **Straight A:** The hospital has earned an 'A' Grade for five consecutive grading rounds or more, qualifying it for recognition as a "Straight A" hospital.

LEGAL DISCLAIMER: The Leapfrog Hospital Safety Grade scores hospitals on their overall performance in keeping patients safe from preventable harm and medical errors. The grades are derived from expert analysis of publicly available data using up to 31 evidence-based, national measures of hospital safety. No specific representation is made, nor shall be implied, nor shall The Leapfrog Group be liable with respect to any individual patient's potential or actual outcome as a result of receiving services performed at any of these hospitals. Leapfrog Hospital Safety Grades cannot be republished without expressed written permission from The Leapfrog Group.

82. For the reasons stated above and any others the Agency may discern, the Agency should deny Mission's CON application.

### **Comparative Analysis**

83. There are some factors for which providing a comparative analysis of NH's application for 34 beds to the other three applications is inconclusive due to the size and scope of the projects proposed. Each of the three other applications are for 129 acute care beds. Two of those applications (Mission Hospital and AdventHealth) seek to add 129 beds to increase the size of an existing or CON approved facility while UNC West applied for a new hospital. In previous acute care bed competitive reviews,<sup>29</sup> the Agency has found that proposals for substantially different numbers of beds were inconclusive for the comparative factors below. Given the difference in bed number between NH's proposal and the other applicants' proposals, the Agency should find these factors inconclusive in this cycle as well:

- Access by service area residents
- Access by Medicaid patients
- Access by Medicare patients
- Projected average net revenue per discharge
- Projected average operating expense per discharge

84. Comparative review of these four applications is different from many other scenarios because the Agency can approve the NH application for 34 beds and award the remaining 95 beds to one or more of the other applicants. Comparative factors which are independent of size favor approval of NH Asheville. NH's application is the only one that complies with the statutory and regulatory criteria established by the state. NH is the only applicant that would bring a new competitor to the area. NH should be awarded preference for the competition comparative review factor. NH will provide a new service location in Buncombe County while Mission and AHA will not. Therefore, NH should be awarded preference for

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<sup>29</sup> See 2024 Buncombe-Graham-Madison-Yancey Acute Care Bed Competitive Review Project Required State Agency Findings, page 104.

improving geographic access. Regarding scope of services, approving either Mission or AHA for 95 beds instead of 129 beds will not increase the scope of services for either hospital.